

INSURANCE COUNSELOR

Insurance Consumer Information Sheet

Insurance Misrepresentation: What to Watch For

When buying an insurance policy, you will probably depend on the insurance agent and any written materials you receive to explain what a policy covers and what it doesn't cover. Most people are not familiar with the various types of policies and the special words used in the insurance business.

Under the Michigan *Uniform Trade Practices Act*, the agent and the insurance company must give you accurate information about any policy they are selling. The agent and the company must not make false or misleading statements or leave out important facts in advertisements, sales presentations, or comparisons of policies, or when answering your questions.

IT IS ILLEGAL FOR AN AGENT OR COMPANY TO DO THE FOLLOWING:

1. Misrepresent what a policy covers or does not cover.
2. Misrepresent the advantages or disadvantages of a policy.
3. Make a false statement in order to persuade you to cancel or exchange a policy you already have.
4. Make an incomplete comparison of insurance policies or other products.
5. Use a name or title for a policy which misrepresents the content of the policy.

6. Make a false or misleading statement about the financial condition of an insurance company or any person involved in the insurance business.
7. Make a false or misleading statement about the dividends which have been paid or will be paid, or tell you that dividends are guaranteed.
8. Make a false statement in order to get you to transfer the value of your policy to someone else or to take out a loan against your policy.
9. Misrepresent an insurance policy as being an asset which can be traded or sold in the marketplace for investment purposes.

YOU AS A POLICY APPLICANT SHOULD DO THE FOLLOWING:

1. Research the types of policies and different coverages to know what is available before you buy a policy. *Decide what you want the policy to do.*
2. Read any literature about the policy you are considering and make sure you know what you are buying. It is important to know what is covered by the policy and what is **not** covered.
3. Ask questions. Don't be embarrassed to ask and don't be afraid of taking the

agent's time. He or she will be earning a commission on the policy you buy.

4. Deal with a reputable agent. If possible get references from others who have dealt with the agent and the insurance company and find out if they are satisfied with the service and coverage they have received.
5. Take your time in making a decision. An insurance policy can be very valuable to you if you ever have to make a claim and it is important that you know what should or should not be covered by your policy.
6. See it in writing. If the agent tells you that something is covered and you don't

see it in the policy, ask him or her to show you where it is covered in the policy.

7. **BEFORE YOU SIGN ANY FORM, READ IT AND MAKE SURE YOU UNDERSTAND WHAT IT MEANS.**

If you feel that an agent or company has misrepresented an insurance policy and you can't get a satisfactory answer to your complaint, write to the Office of Financial and Insurance Services (OFIS), Division of Insurance at the address listed below. Describe your complaint and what actually happened, provide the name of the agent and the insurance company and enclose copies of any documents involved.